29 May 1957

MEMORANDUM FOR: Acting Assistant Director, ORR

FROM: Acting Chief, D/S

SUBJECT: Summary of Paris CHINCOM Discussions, 7 - 28 May 1957

1. Background

On 8 March 1957 NSC 5704/1, U.S. Economic Defense Policy, was approved. Pursuant to paragraph 21 of that document components of the Economic Defense Advisory Committee (EDAC) developed a U.S. proposal for modification of trade controls towards Communist China. This proposal was formally placed before CHINCOM for its consideration on 7 May 1957. Another proposal, made by the French, was also formally placed before CHINCOM on this same date.

The US and French proposals are essentially as follows:

US Proposal: a) Elimination of the 207 Item Consolidated China Special List (CCSL) per se with the proviso that some 35 items from the CCSL judged by the U.S. to be of sufficient strategic importance be placed on IL-III.

b) Continuation of a multilateral, total embargo to Communist China of all items on IL-I, II, and III.

c) As a quid pro quo for a), above, an agreement to "tighten up" the exceptions procedures applicable under Documents 471 (prior consultation, quid pro quo) and 782 (ex poste notification only) in order to make the enforcement of strategic controls more effective.

French Proposal: a) First stage: Decontrol of all CCSL items and conversion of IL-III to a surveillance list for the entire Sino-Soviet Bloc.

b) Second stage: (within six months) Establishment of IL-II quotas for China.

c) Third stage: (within one year) Elimination of CHINCOM and uniform application of all COCOM rules to the Sino-Soviet Bloc as a whole.

2. Developments in CHINCOM thru 28 May

a. At the 7 May CHINCOM meeting only Turkey supported the US proposal. A majority of the countries supported the French proposal. However,

seven countries indicated a willingness to compromise in an attempt to reach an agreed solution. Accordingly, under instructions and advice from State and EDAC, the US Del and the Washington Team undertook both bilateral and CHINCOM discussions in an effort to reach an area of agreement.

b. The first U.S. compromise position was formally put before CHINCOM on 17 May. It involved only a minor modification somewhat loosening the exceptions procedure and an agreement on the part of the U.S. to review the China Trade controls question in CHINCOM in one year. Again, only Turkey supported U.S. proposal in full.

c. On 21 May, in recognition of the positions taken by various PC's, the U.S. proposed a further modification of its position. The U.S. offered to review the 35 CCSL Items proposed for addition to IL-III and to consider a reduction of the total of 35; to apply a milder exceptions procedure to the 35 CCSL and the IL-III Items presently subject to 782; to consider suggestions to place some of the present IL-III Items now subject to 471 procedure under the milder (revised) 782 procedure; and finally, again offered to review the question in one year. This third modification of the U.S. proposal was not acceptable to the majority of the PC's.

d. Ungaro, CHINCOM Chairman, requested the Belgium, Netherlands, Canadian, and Italian delegates to form a "special group" in order to present a compromise proposal "at once" (i.e. - at 21 May meeting). Two proposals came from this group [Proposal A and Proposal B - see Tab A]. At the 23 May meeting the UK rejected both proposals A and B, Denmark, Norway, Portugal, and Japan rejected A with either acceptance B or no comment on B. The U.S. accepted A and rejected B. All other PC's (9 countries) expressed willingness to accept A. The meeting adjourned without agreement.

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Communist China. The next COCOM/CHINCOM meeting is scheduled for today, and the China control question is not on the agenda although some PC's may comment on the ████████████ or on their own future policy. No call for a CG meeting or a NATO review seems likely.

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